

Message Text

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ACTION EB-03

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 1016

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L ROME 10305

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, IT, LY

SUBJECT: MINISTER OF INDUSTRY VIEWS ON LIBYA AND ENERGY POLICY

REF: ROME 9339

1. SUMMARY: AMBASSADOR CALLED ON NEWLY APPOINTED MINISTER OF INDUSTRY DE MITA TO DISCUSS OIL SITUATION. DE MITA WAS INITIALLY DEFENSIVE IN VIEW OF WHAT HE APPARENTLY JUDGED WAS US ATTEMPT TO PUT PRESSURE ON GOI OVER LIBYA, BUT FAVORS COOPERATION TO EXTENT INTERESTS PERMIT. GOI IS STILL PLAYING CAUTIOUS NONCOMMITTAL LINE ON LIBYA. END SUMMARY.

2. AMBASSADOR VOLPE, ACCOMPANIED BY ECON-COMM MINISTER, CALLED ON DE MITA, MINISTER OF INDUSTRY AND COMMERCE, ON SEPT 26.

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DE MITA, AT 45 ONE OF THE YOUNGEST MINISTERS IN THE GOVT,

BELONGS TO THE CD LEFT. AN UNDERSECRETARY IN THE FIRST RUMOR GOVT, HE HAS NOT PREVIOUSLY HELD A MINISTERIAL POSITION. HE HAD BEEN INFORMED IN ADVANCE OF AMBASSADOR'S DESIRE FOR GENERAL DISCUSSION OIL QUESTIONS. ESSO REPS (DEAN OF ESSO EUROPE, ZIRINAS ESSO MIDDLE EAST, SALA ESSO ITALIANA) WILL BE SEEING DE MITA ON BEHALF OF LIBYAN MAJORS SEPT 28.

3. AMBASSADOR'S PRESENTATION CENTERED ON PROBLEMS ARISING FROM LIBYAN NATIONALIZATIONS: (A) US CONCERN OVER LIBYAN TREATMENT OF COMPANIES AND IMPLICATIONS OF PASSIVE ATTITUDE OF CONSUMER GOVTS, (B) ENCOURAGEMENT THAT PURCHASES OF NATIONALIZED OIL GIVES TO LIBYAN ACTIONS, PARTICULARLY WHEN STATE OIL COMPANIES ARE BUYERS, AND (C) OUR FEELING THAT REPERCUSSIONS IN MIDDLE EAST COULD BE RAPID AND UNFAVORABLE FOR CONSUMER INTERESTS. HE ASKED DE MITA FOR GOI COOPERATION.

4. DE MITA'S REPLY WAS FIRM. HE SAID THAT COOPERATION REQUIRES CONVERGENCE OF INTERESTS OF THE PARTIES CONCERNED: THERE COULD BE NO REAL COOPERATION AT THE EXPENSE OF ONE OF THE CONSUMERS, I.E., ITALY. FOR ITS PART, ITALY HAS LONG-TERM VIEW OF RELATIONS WITH ARAB PRODUCERS WHO, DESPITE POLITICAL INSTABILITY, URGENTLY NEED ECONOMIC DEVELOPMENT TO SUBSTITUTE FOR THEIR EXHAUSTIBLE ENERGY RESOURCES. DE MITA MADE ANALOGY BETWEEN WHAT HE CONSIDERED US POSITION ON OIL IN 1973 AND ON VIET NAM IN 1963, IMPLYING THAT A US POLICY WHICH ATTEMPTS TO HOLD THE LINE ON OIL BY ECONOMIC AND DIPLOMATIC FORCE IS BASED ON OBJECTIVE MISAPPREHENSION OF THE LONG-TERM TRENDS AND OF US INTERESTS IN THE AREA.

5. AMBASSADOR VOLPE REPLIED THAT US BY NO MEANS SUGGESTING CONSUMER COALITION TO PUT PRESSURE ON INDIVIDUAL STATES SUCH AS LIBYA. OUR CONCERN IS THAT INDIVIDUAL CONSUMERS (SUCH AS JAPAN) FEELING EXPOSED IN TIME OF TENSION SHOULD UNILATERALLY PURSUE THEIR IMMEDIATE NATIONAL INTERESTS THROUGH SEEKING SPECIAL ARRANGEMENTS TO DETRIMENT OTHER CONSUMERS, LEADING RAPIDLY TO A SITUATION IN WHICH ALL CONSUMERS WOULD BE WORSE OFF.

6. DE MITA QUICKLY SOFTENED HIS TONE, SAYING THAT HE WOULD FAVOR INCREASED EXCHANGES OF INFORMATION AND CLOSER COOPERATION, BILATERALLY AND IN OECD, AS LONG AS UNDERLYING DIFFERENCES IN INTERESTS AND POSITIONS OF CONSUMERS ARE RECOGNIZED.
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7. COMMENT: DE MITA EVIDENTLY BELIEVED THAT WE WANTED TO PRESSURE HIM INTO A HARD LINE ON LIBYA WHERE GOI POSITION HAS SO FAR BEEN EXTREMELY LOW PROFILE (ROME 9635, 10156 NOTAL). HIS DEFENSIVENESS, TOGETHER WITH HIS LEFT CD BACKGROUND AND NEWNESS TO JOB, LED TO A PRESENTATION WHICH DOES NOT IN OUR VIEW REPRESENT ANY HARDENING OF SUBSTANCE GOI POSITION. THE CONVERSATION HOWEVER TENDS FURTHER TO CONFIRM THE ASSESSMENT IN OUR 9339: THE GOI

CONSIDERS ITSELF IN A VERY DIFFICULT POSITION, HAS MADE NO D
DECISIONS ON LIBYA, AND WHEN AND IF IT IS FORCED TO DO SO WILL
LOOK PRIMARILY TO ITS DOMESTIC POLITICAL CONCERNS. VOLPE

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